

Los Angeles County  
Board of Supervisors

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**Mitchell H. Katz, M.D.**  
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Chief Medical Officer

**John F. Schunhoff, Ph.D.**  
Chief Deputy Director

313 N. Figueroa Street, Suite 912  
Los Angeles, CA 90012

Tel: (213)240-8101  
Fax: (213) 481-0503

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*To ensure access to high-quality,  
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health care to Los Angeles County  
residents through direct services at  
DHS facilities and through  
collaboration with community and  
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September 19, 2011

TO: Each Supervisor

FROM:  Mitchell H. Katz, M.D.  
Director

SUBJECT: **NOTIFICATION OF THE DEPARTMENT OF HEALTH  
SERVICES' USE OF DELEGATED AUTHORITY**

This is to advise that the Department of Health Services (DHS) has exercised its delegated authority, approved by your Board on May 17, 2011 (see attached approved agenda #21), to execute funding agreements with the California Department of Health Care Services (DHCS) and also to amend existing service agreements with L.A. Care and Health Net to provide for Local Medi-Cal Managed Care Supplemental Payments (LMSPs).

The authority delegated to the Department, by your Board, allowed DHS to execute agreements with the DHCS to make intergovernmental transfers to draw down additional federal revenues to fund LMSPs through the Department's agreements with L.A. Care and Health Net plans.

These agreements were fully executed in July 2011 and updated payment amounts of approximately \$69,000,000 and \$27,000,000 from L.A. Care and Health Net, respectively, are expected to be received during FY 2011-12. These revenues were included in the FY 2010-11 final actual and are reflected in the August 30, 2011 DHS Fiscal Outlook.

If you have any questions or require additional information, please let me know.

MHK:ANW:hr

Attachment

c: Chief Executive Officer  
County Counsel  
Executive Officer, Board of Supervisors

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21. Recommendation: Authorize the Director of Health Services to execute the following funding agreements and amendments for the Supplemental Managed Care Payments for Federal Fiscal Year October 1, 2009 through September 30, 2010: **(Department of Health Services)**

Agreement with the California Department of Health Care Services (CDHCS) to authorize intergovernmental transfers of approximately \$27,186,000 to fund the Special Medi-Cal Managed Care Capitation Rate Increases (SMCRIs ) for L.A. Care;

Agreement with CDHCS to authorize intergovernmental transfers of approximately \$13,148,000 to fund SMCRIs for Health Net;

Amendment to the existing agreement with L.A. Care which provides approximately \$75,000,000 to the Community Health Plan Local Medi-Cal Managed Care Supplemental Payments, based on the SMCRIs L.A. Care receives from the CDHCS; and

Amendment to the existing service agreement with Health Net which provides approximately \$37,500,000 to the Department of Health Services' Local Medi-Cal Managed Care Supplemental Payments, based on the SMCRIs that Health Net receives from CDHCS. (11-2198)

**On motion of Supervisor Ridley-Thomas, seconded by Supervisor Yaroslavsky, this item was approved.**

**Ayes:** 5 - Supervisor Molina, Supervisor Ridley-Thomas, Supervisor Yaroslavsky, Supervisor Knabe and Supervisor Antonovich

**Attachments:** Board Letter